

Message Text

PAGE 01 JIDDA 05735 291330Z

43

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 118563

R 291213Z DEC 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5780

INFO USINT ALGIERS

AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY BRASILIA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

S E C R E T JIDDA 5735

EXDIS

DEPT PASS CAIRO

KUWAIT PASS DOHA

E.O. 11652: GDS

TAGS: ENRG, SA

SECRET

PAGE 02 JIDDA 05735 291330Z

SUBJ: POSSIBILITY OF DECREASE IN OIL PRICES

REF: JIDDA 5715

1. BRITISH AMBASSADOR HERE SHOWED ME TODAY (DEC 29) COPY OF A TELEGRAM HE HAD RECEIVED FROM THE BRITISH AMBASSADOR IN TEHRAN REPORTING ON HIS FAREWELL CALL ON THE SHAH. THE SHAH TOOK ALL CREDIT FOR THE RECENT OPEC PRICE INCREASES; HE IN FACT SAID YAMANI HAD ARGUED FOR A MUCH SMALLER INCREASE. THE SHAH COMMENTED "CONTEMPTUOUSLY" THAT "THIS WAS TO BE EXPECTED" AS YAMANI WAS A "CREATURE OF ARAMCO."

2. I TOLD THE AMBASSADOR ABOUT MY CONVERSATION WITH YAMANI (REFTEL) AND SAID I HAD NO IDEA HOW SHAH COULD HAVE GOTTEN THE IDEA WE WOULD APPROVE SUCH ENORMOUS PRICE INCREASES. I ASKED HIM IF HE COULD PROVIDE ANY CLUES ON HOW THE SHAH COULD THINK THE BRITISH HAD APPROVED. HE REPLIED THAT THE BRITISH AMBASSADOR HAD DISCUSSED WITH THE SHAH OPEC DESIRES FOR PRICE INCREASES BUT THE BRITISH HAD ALWAYS INSISTED THAT ANY INCREASES IN TAXES SHOULD BE GRADUAL AND OVER A PERIOD OF MANY YEARS.

3. COMMENT: THE BRITISH TELEGRAM GIVES YET ANOTHER ILLUMINATING ILLUSTRATION OF THE SHAH'S VIEWS OF POLITICAL DEVELOPMENTS ON THIS SIDE OF THE GULF. IT ALSO SHOWS HOW NECESSARY IT IS TO PUT PRESSURE ON THE SHAH NOW TO BACK OFF. BUT IN SPITE OF YAMANI'S STATEMENTS (REFTEL, THIS MIGHT NOT BE ENOUGH. WE HAVE SEEN NO INDICATION FROM ANY OPEC COUNTRY, OTHER THAN SAUDI ARABIA, THAT ANYONE IS HAVING ANY SECOND THOUGHTS ABOUT THE WISDOM OF THE INCREASE. EVERYTHING SEEMS TO BE TO THE CONTRARY; VISIONS OF SUGAR PLUMS ARE STILL DANCING THROUGH THE HEADS OF OPEC OIL MINISTERS AND THEIR CHIEFS OF STATE.
AKINS

NOTE BY OC/T: NOT PASSED CAIRO.

SECRET

<< END OF DOCUMENT >>

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Subject: POSSIBILITY OF DECREASE IN OIL PRICES
TAGS: ENRG, SA, UK, IR, ARAMCO, OPEC, (YAMINI)
To: STATE INFO ALGIERS
ABU DHABI
BONN
BEIRUT
BRUSSELS
CARACAS
COPENHAGEN

DHAHRAN
JAKARTA
KUWAIT
LAGOS
LONDON
ISLAMABAD
NEW DELHI
OTTAWA
PARIS
OECD PARIS
BRASILIA
TEHRAN
TOKYO
TRIPOLI
VIENNA
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